

INDEPENDENT AUDITOR'S REPORT

To the Members of CFCL Ventures Limited

Report on the Audit of the Ind AS Standalone Financial Statements

Opinion

We have audited the accompanying Ind AS standalone financial statements of CFCL Ventures Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “Ind AS Standalone Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Standalone Financial Statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 (“the Act”) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of Ind AS Standalone Financial Statements in accordance with Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Ind AS Standalone Financial Statements’ section of our report. We are independent of the Company in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Ind AS Standalone Financial Statements.

Responsibilities of Management for the Ind AS Standalone Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Ind AS with respect to the preparation of these Ind AS Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Standalone Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Standalone Financial Statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other Matter

The Indian Rupee amounts are presented in the accompanying Ind AS Standalone Financial Statements solely for the convenience of the reader and have been translated on the basis described in the Note 17 of the Ind AS Standalone Financial Statements. The translation from US Dollars (USD) to Indian Rupee (INR) is unaudited.

For C G S & CO

Chartered Accountants

ICAI Firm Registration Number : 005830S

A R Valisha Shakeel

Partner

Membership Number : 203926

Place of Signature: Bengaluru

Date: 14th May 2019

CFCL Ventures Limited
Balance Sheet as at 31 March 2019

	Notes	As at 31 March 2019 (in USD)	As at 31 March 2018 (in USD)	As at 31 March 2019 Convenience translation into Rupees (Unaudited)
ASSETS				
Non-current assets				
Financial assets				
Investments	4	3,73,54,688	3,73,54,688	2,58,34,50,216
Total Non Current Assets		3,73,54,688	3,73,54,688	2,58,34,50,216
Current assets				
Financial assets				
Cash and cash equivalents	5	6,422	6,422	4,44,141
Total Current Assets		6,422	6,422	4,44,141
Total assets		3,73,61,110	3,73,61,110	2,58,38,94,357
EQUITY & LIABILITIES				
EQUITY				
Equity Share Capital	6	406	406	28,069
Other Equity	7	(10,56,82,207)	(10,54,16,995)	(7,30,89,81,427)
Total Equity		(10,56,81,801)	(10,54,16,589)	(7,30,89,53,358)
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	8	14,20,63,431	14,03,63,431	9,82,51,06,885
Other financial liabilities	9	9,06,179	23,38,227	6,26,71,342
Total Non-Current Liabilities		14,29,69,610	14,27,01,658	9,88,77,78,227
Current liabilities				
Financial Liabilities				
Trade payables		39,036	39,036	26,99,751
Other financial liabilities	9	34,265	37,005	23,69,737
Total Current Liabilities		73,301	76,041	50,69,488
Total Equity and Liabilities		3,73,61,110	3,73,61,110	2,58,38,94,357

Summary of Significant accounting policies 3
The notes form an integral part of the financial statements

As per our report of even date

For C G S & CO

Chartered Accountants
ICAI Firm Registration Number: 005830S

A R Valisha Shakeel

Partner
Membership Number: 203926

Place: Bengaluru
Date: 14th May, 2019

**For and on behalf of the Board of Directors of
CFCL Ventures Limited**

Amit Kothiyal **Manoj Bawa**
CEO and Director Chief Financial Officer

Place: Bengaluru Place: Bengaluru
Date: 14th May, 2019 Date: 14th May, 2019

CFCL Ventures Limited
Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 March 2019

	Notes	For the year ended 31 March 2019 (in USD)	For the year ended 31 March 2018 (in USD)	For the year ended 31 March 2019 Convenience translation into Rupees (Unaudited)
Income				
Other Income	10	-	-	-
Total income		-	-	-
Expenses				
Employee benefits expenses	11	-	-	-
Other expenses	12	2,65,212	1,60,463	1,83,42,042
Total expenses		2,65,212	1,60,463	1,83,42,042
Loss before tax		(2,65,212)	(1,60,463)	(1,83,42,042)
Tax expense				
Current tax		-	-	-
Loss for the year		(2,65,212)	(1,60,463)	(1,83,42,042)
Other Comprehensive Income/(expense)		-	-	-
Total Comprehensive Income/(expense) for the year		(2,65,212)	(1,60,463)	(1,83,42,042)
Earning per share				
Basic		(0.07)	(0.04)	(4.52)
Diluted		(0.07)	(0.04)	(4.52)

Summary of Significant accounting policies 3
The notes form an integral part of the financial statements

As per our report of even date

For C G S & CO
Chartered Accountants
ICAI Firm Registration Number: 005830S

**For and on behalf of the Board of Directors of
CFCL Ventures Limited**

A R Valisha Shakeel
Partner
Membership Number: 203926

Amit Kothiyal
CEO and Director

Manoj Bawa
Chief Financial Officer

Place: Bengaluru
Date: 14th May, 2019

Place: Bengaluru
Date: 14th May, 2019

Place: Bengaluru
Date: 14th May, 2019

CFCL Ventures Limited
Cash Flow Statement for the year ended 31 March 2019

	For the year ended 31 March 2019 (in USD)	For the year ended 31 March 2018 (in USD)	For the year ended 31 March 2019 Convenience translation into Rupees (Unaudited)
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year before tax	(2,65,212)	(1,60,463)	(1,83,42,042)
Adjustments to reconcile loss before tax to net cash flows:			
Employee stock compensation expense	-	-	-
Operating loss before working capital changes	(2,65,212)	(1,60,463)	(1,83,42,042)
Changes in working capital			
Increase/(decrease) Trade and other payables and liabilities	(14,34,788)	1,60,463	(9,92,29,958)
Net cash flows from operating activities	(17,00,000)	-	(11,75,72,000)
CASH FLOW FROM INVESTING ACTIVITIES	-	-	-
CASH FLOW FROM FINANCING ACTIVITIES			
Issue proceedings from preference shares	17,00,000	-	11,75,72,000
Net cash flows from financing activities	17,00,000	-	11,75,72,000
Net (decrease) / increase in cash and cash equivalents	-	-	-
Cash and cash equivalents at the beginning of the year	6,422	6,422	4,44,141
Cash and cash equivalents at the end of the year	6,422	6,422	4,44,141

Summary of Significant accounting policies (Refer Note 3)
The notes form an integral part of the financial statements

As per our report of even date

For C G S & CO
Chartered Accountants
ICAI Firm Registration Number: 005830S

A R Valisha Shakeel
Partner
Membership Number: 203926

Place: Bengaluru
Date: 14th May, 2019

**For and on behalf of the Board of Directors of
CFCL Ventures Limited**

Amit Kothiyal **Manoj Bawa**
CEO and Director Chief Financial Officer

Place: Bengaluru Place: Bengaluru
Date: 14th May, 2019 Date: 14th May, 2019

CFCL Ventures Limited
Statement of Changes in Equity for the year ended 31 March 2019

(in USD)

Particulars	Equity Share Capital (Refer- Note 6)	Other equity (Attributable to equity holders of the company) (Refer Note 7)			Total of Other Equity
		Securities Premium Reserve	Other Reserves (ESOP Outstanding Account)*	Surplus/(deficit) in the statement of profit and loss	
Balance as at 1 April 2017	406	3,73,95,980	35,28,693	(14,61,81,205)	(10,52,56,532)
Profit for the year	-	-	-	(1,60,463)	(1,60,463)
Balance as at 31 March 2018	406	3,73,95,980	35,28,693	(14,63,41,668)	(10,54,16,995)
Transfer to retained earnings on forfeiture of options	-	-	(35,28,693)	35,28,693	-
Loss during the year	-	-	-	(2,65,212)	(2,65,212)
Balance as at 31 March 2019	406	3,73,95,980	-	(14,30,78,187)	(10,56,82,207)
As at 31 March 2019					
Convenience translation into Rupees (Unaudited)	28,079	2,58,63,05,987	-	(9,89,52,87,414)	(7,30,89,81,427)

Employee stock options reserve - The share options based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan of the Company. Balance as at March 31, 2018, in respect of vested stock options which were forfeited and not exercised has been transferred to retained earnings during the year.

Summary of Significant accounting policies (Refer Note 3)
The notes form an integral part of the financial statements

As per our report of even date

For C G S & CO

Chartered Accountants

ICAI Firm Registration Number: 005830S

A R Valisha Shakeel

Partner

Membership Number: 203926

Place: Bengaluru

Date: 14th May, 2019

**For and on behalf of the Board of Directors of
CFCL Ventures Limited**

Amit Kothiyal

CEO and Director

Place: Bengaluru

Date: 14th May, 2019

Manoj Bawa

Chief Financial Officer

Place: Bengaluru

Date: 14th May, 2019

CFCL Ventures Limited

Notes to the financial statements for the year ended 31 March 2019

1) Corporate Information

CFCL Ventures Limited, (hereafter referred to as the “Company”) is a Limited Company incorporated on 12 March 2007 and domiciled in Cayman Islands. On 20 December 2016, CFCL Technologies Limited merged with CFCL Ventures Limited. The principal activity of the company is to carry on the business of investment holding, and to undertake and transact in investment business.

2) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015, as amended prescribed under Section 133 of the Companies Act 2013 (the Act) and other relevant rules.

(a) Functional and presentation currency

These financial statements are prepared in US Dollars (“USD”), which is also the Company’s functional currency. All amounts have been rounded off to the nearest dollar, unless otherwise indicated.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value

(c) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an going basis. Revisions to accounting estimates are recognised prospectively.

3) Significant accounting policies

(a) Current / Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

3) Significant accounting policies (Continued)

(b) Measurement of fair values

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company requires the measurement of fair values for both financial / non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. This includes an independent valuer that performs valuation of all significant fair value measurements, including Level 3 fair values. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(c) Financial Instruments

i. Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the Company becomes a party to the contract that gives rise to financial assets and liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

ii. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iv. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in the statement of profit and loss.

v. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

3) Significant accounting policies (Continued)

(c) Financial Instruments (Continued)

vi. Derecognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial asset/ liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

vii. Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

viii. Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. The changes to the business model are expected to be infrequent.

ix. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(d) Employee stock compensation costs

Employee stock compensation costs for stock options are recognized as employee benefit based on the grant date fair value of the options granted to employees. The fair value of the options is estimated on the date of grant using the Black-Scholes-Merton valuation model on the basis of valuation performed by the Management and recognized in a graded manner on the basis of weighted period of services over the vesting period. The expected term of an option is estimated based on the vesting term and contractual term of the option, as well as expected exercise behavior of the employee who receives the option. Expected volatility during the expected term of the option is based on historical volatility, during a period equivalent to the expected term of the option, of the observed market prices of the publicly traded equity shares of comparable listed entities. Expected dividends during the expected term of the option are based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant over the expected term.

(e) Earnings per share

The basic earnings/(loss) per share is computed by dividing the net profit/(loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings/(loss) per share is computed by dividing the net profit/(loss) after tax by the weighted average number of equity shares considered for deriving base earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

(f) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash in hand and balance in bank in current accounts. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

CFCL Ventures Limited

Notes to the financial statements for the year ended 31 March 2019

3) Significant accounting policies (Continued)

(g) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

(h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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CFCL Ventures Limited
Notes to financial statements for the year ended 31 March 2019

4. Investments

Particulars	As at 31 March 2019 (in USD)	As at 31 March 2018 (in USD)	As at 31 March 2019 Convenience translation into Rupees (Unaudited)
Trade (Unquoted)			
Investment in subsidiaries 36,230,700 (Previous year : 36,230,700) Ordinary shares of Rs. 10 each in ISG Novasoft Technologies Limited, fully paid up	83,61,970	83,61,970	57,83,13,845
Investment in subsidiaries 8534 (Previous year : 8534) Ordinary shares of USD 10 each in ISGN Corporation fully paid up	2,89,92,718	2,89,92,718	2,00,51,36,371
	3,73,54,688	3,73,54,688	2,58,34,50,216
Aggregate book value of quoted investments	3,73,54,688	3,73,54,688	2,58,34,50,216
Aggregate market value of quoted investments	3,73,54,688	3,73,54,688	2,58,34,50,216

5. Cash and cash equivalents

Particulars	As at 31 March 2019 (in USD)	As at 31 March 2018 (in USD)	As at 31 March 2019 Convenience translation into Rupees (Unaudited)
Cash and cash equivalents			
Balances with banks			
In current accounts	6,422	6,422	4,44,141
	6,422	6,422	4,44,141

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CFCL Ventures Limited
Notes to financial statements for the year ended 31 March 2019

6. Equity Share Capital

Particulars	As at 31 March 2019 (in USD)	As at 31 March 2018 (in USD)	As at 31 March 2019 Convenience translation into Rupees (Unaudited)
Authorised			
Ordinary shares 55,026,026 (Previous Year : 55,026,026) Ordinary shares of par value USD 0.0001 each	5,503	5,503	3,80,560
	5,503	5,503	3,80,560
Issued, subscribed and paid up:			
Ordinary shares 4,058,593 (Previous Year: 4,058,593) Ordinary shares of par value of USD 0.0001 each fully paid up	406	406	28,069
	406	406	28,069

Shareholding by the Holding Company and ordinary shareholders holding more than 5 percent of ordinary shares along with the number of ordinary shares held at the beginning and at the end of the year is as given below:

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	% of share holding	Number of shares	% of share holding
Chambal Fertilisers and Chemicals Limited , Holding company	29,32,947	72.27%	29,32,947	72.27%
Fiserv Solutions, Inc	7,55,646	18.62%	7,55,646	18.62%
William Adamowski	2,40,000	5.91%	2,40,000	5.91%

Reconciliation of the shares outstanding as at the beginning and at the end of the reporting period

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount (in USD)	Number of shares	Amount (in USD)
Ordinary shares				
Shares at the beginning of the year	40,58,593	406	40,58,593	406
Add / Less: Movement during the year	-	-	-	-
Shares at the end year	40,58,593	406	40,58,593	406

Rights, preference and restrictions attached to ordinary shares

The Company has a single class of ordinary shares having a par value of USD 0.0001 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors are subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The Company has not proposed any dividend during the current year and previous year. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

There has been no issuance of bonus shares, shares issued for consideration other than cash or buy back of shares during the last five years ended 31 March 2019.

CFCL Ventures Limited
Notes to financial statements for the year ended 31 March 2019

6. Equity (continued)

Shares reserved for issue under options, convertible preference shares and convertible warrant (Nos.):

Particulars	As at	As at
	31 March 2019	31 March 2018
Under Employee Stock Option Scheme 2007	60,81,498	60,81,498
Issued preference shares		
Series A-1 Preference shares	21,76,468	21,76,468
Series B Preference shares	3,87,098	3,87,098
Series B-1 Preference shares	32,04,074	32,04,074
Series C Preference shares	70,193	70,193
Series C-1 Preference shares	15,07,511	15,07,511
Series D Preference shares	35,009	35,009
Series D-1 Preference shares	7,51,878	7,51,878
Series E Preference shares	52,514	52,514
Series E-1 Preference shares	11,27,817	11,27,817
Series F Preference shares	44,490	44,490
Series F-1 Preference shares	14,55,509	14,55,509
Series G Preference shares	19,69,162	19,69,162
Series H Preference shares	10,82,230	10,82,230
Series I Preference shares	48,32,693	48,32,693
Series J Preference shares	13,60,000	-

For conversion and other terms and conditions, refer Note 8.

Share warrants

	As at March 31, 2019		As at March 31, 2018	
	Exercise price	No. of shares	Exercise price	No. of shares
Ordinary shares	0.01	93,450	0.01	93,450
Series C Preference shares	12.71	47,213	12.71	47,213
Series G Preference shares	0.01	35,210	0.01	35,210
Series H Preference shares	4.62	6,43,886	4.62	6,43,886
Series H Preference shares	0.01	18,78,055	0.01	18,78,055
Series I Preference shares	0.01	18,93,333	0.01	18,93,333

None of the warrants have been exercised by the warrant holders.

Shareholding of preference shares

Name of the holder	As at March 31, 2019		As at March 31, 2018	
	Number of shares	% of share holding	Number of shares	% of share holding
Series A-1 to J Preference shares				
Chambal Fertilisers and Chemicals Limited, Parent Company	1,31,00,459	65.32%	1,17,40,459	62.79%
NEA FDI, Ltd.	60,02,616	29.93%	60,02,616	32.11%
New Enterprise Associates-IndoUS Ventures, LLC	9,53,571	4.75%	9,53,571	5.10%
Total	2,00,56,646	100.00%	1,86,96,646	100.00%

CFCL Ventures Limited
Notes to financial statements for the year ended 31 March 2019

6. Equity Share Capital (continued)

Employee stock options

The Board of Directors of CFCL Technologies Limited (CFCL Ventures Limited w.e.f December 20, 2016), approved the 2007 Share Option Plan ('Plan') administered by compensation committee for granting stock options to certain employees of its subsidiary companies as per Management's discretion. A committee has been constituted to administer the Plan along with the Board and to determine the grant date fair value which would be the exercise price for such options.

The fair value of the ordinary shares is determined by the management on the date of the grant of the stock options to the employees pursuant to the Plan. The fair valuation has been done using the Black-Scholes-Merton valuation model. The stock options vest equally over the period of 4 years and the exercise period is 10 years from the date of grant.

The following table details the movement of options under the Plan mentioned above:

Particulars	As at March 2019		As at March 2018	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Options outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

There has been no exercise of stock options during the year. The weighted average remaining contractual life for the stock options outstanding as at March 31, 2019 is 9.67 years (March 31, 2018 - Nil). The weighted average fair value of options granted during the year was USD 0.02 (March 31, 2018 - USD Nil).

The Company measures the fair value of stock options at the grant date using Black-Scholes-Merton valuation model taking into account the terms and conditions upon which the share options were granted. The inputs used in the option pricing model are as below:

Fair value per share (USD)	0.04
Exercise price (USD)	1.09
Average risk-free interest rate	2.60%
Expected volatility of share price	100%
Expected life of options granted (in years)	6.1
Expected dividend yield	Nil

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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CFCL Ventures Limited
Notes to financial statements for the year ended 31 March 2019

7 Other equity

Particulars	As at 31 March 2019 (in USD)	As at 31 March 2018 (in USD)	As at 31 March 2019 Convenience translation into Rupees (Unaudited)
Securities premium			
Balance as per last financial statements	3,73,95,980	3,73,95,980	2,58,63,05,987
Add: Additions during the year	-	-	-
Closing balance	3,73,95,980	3,73,95,980	2,58,63,05,987
Employee stock options reserve			
Balance as per last financial statements	35,28,693	35,28,693	24,40,44,408
Transfer to retained earnings on forfeiture of options	(35,28,693)	-	(24,40,44,408)
Closing balance	-	35,28,693	-
Surplus / (deficit) in the statement of profit and loss			
Balance as per last financial statements	(14,63,41,668)	(14,61,81,205)	(10,12,09,89,780)
Transfer from Employee stock options reserve on forfeiture of options	35,28,693	-	24,40,44,408
Less: Loss for the year	(2,65,212)	(1,60,463)	(1,83,42,042)
Closing balance	(14,30,78,187)	(14,63,41,668)	(9,89,52,87,414)
	(10,56,82,207)	(10,54,16,995)	(7,30,89,81,427)

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CFCL Ventures Limited
Notes to financial statements for the year ended 31 March 2019

8. Borrowings

Particulars	As at 31 March 2019 (in USD)	As at 31 March 2018 (in USD)	As at 31 March 2019 Convenience translation into Rupees (Unaudited)
Non-current			
<u>Unsecured</u>			
Redeemable Preference Shares	14,20,63,431	14,03,63,431	9,82,51,06,885
	14,20,63,431	14,03,63,431	9,82,51,06,885

Redeemable preference shares

Preference shareholders carry voting rights "on an as-converted basis" with ordinary shareholders, except for key governance protections outlined in the Articles of Association of the Company, in which case each class votes separately "on an as-converted basis" as per the terms of the preference shareholders agreement. Further preference shareholders carry preferential dividend rights over ordinary shares if declared by the Board of Directors and priority over ordinary shares in the event of any liquidation, dissolution or winding up of the affairs of Company.

Within ninety (90) days after the receipt of a written request from members holding not less than a majority of then outstanding preference shares, voting together "on an as-converted basis", that all preference shares be redeemed (such date within such ninety (90) days period being the "Redemption Date") and concurrently with the surrender by the holders of outstanding preference shares of the certificates representing such preference shares, the Company shall, to the extent it may lawfully do so, redeem all of the then outstanding preference shares by paying an amount in cash per preference share to be redeemed equal to the greater of (i) the original purchase price per share (subject to adjustment for any recapitalizations) and (ii) the fair market value of such preference share as of the Redemption Date, as determined by an independent third-party investment bank or similar financial service provider agreed to by the Company and the holders of at least a majority of the preference shares then outstanding, voting together on an as-converted basis (the "Redemption Price"). If, on the Redemption Date, the funds of the Company legally available for redemption of preference shares are insufficient to redeem all outstanding preference shares, those funds that are legally available will be used to make payment to the holders of preference shares on a pro-rata basis in proportion to the number of preference shares then held by such members. Any preference shares not redeemed shall remain outstanding and shall be entitled to all the rights and preferences provided herein. At any time thereafter when additional funds of the Company are legally available for the redemption of the preference shares, such funds will immediately be used to redeem the balance of the preference shares not redeemed on the Redemption Date in the manner and in the order set forth in the preceding sentence.

Each holder of Preference Shares shall be entitled to convert any or all of its Preference Shares, at any time, without the payment of any additional consideration, into such number of fully paid Ordinary Shares as is determined by multiplying the number of Preference Shares by a fraction (such fraction being the "Conversion Ratio") determined by dividing the Original Purchase Price by the Conversion Price determined in each case as hereinafter provided, in effect at the time of conversion. Any conversion of Preference Shares made pursuant to these Articles shall be effected by the redemption of the relevant number of Preference Shares and the issuance of an appropriate number of Ordinary Shares.

In the event of liquidation, preference shareholders have a preferential right over ordinary shareholders to be repaid to the extent of capital paid-up and dividend in arrears on such shares.

As the Company has an obligation to deliver a number of its equity instruments which may vary based on the fair value of the preference shares on the date of redemption, the contractual obligation has been construed as financial liability.

9. Other financial liabilities

Particulars	As at 31 March 2019 (in USD)	As at 31 March 2018 (in USD)	As at 31 March 2019 Convenience translation into Rupees (Unaudited)
Non-current			
Payables to related parties ⁽¹⁾	9,06,179	23,38,227	6,26,71,342
	9,06,179	23,38,227	6,26,71,342
Current			
Accrued expenses ⁽¹⁾	33,655	36,395	23,27,549
Warrants ⁽²⁾	610	610	42,188
	34,265	37,005	23,69,737

⁽¹⁾ Financial liabilities carried at amortized cost

⁽²⁾ Financial liabilities at fair value through profit or loss

CFCL Ventures Limited
Notes to financial statements for the year ended 31 March 2019

10. Other income

Particulars	For the year ended 31 March 2019 (in USD)	For the year ended 31 March 2018 (in USD)	For the year ended 31 March 2019 Convenience translation into Rupees (Unaudited)
Fair value changes of share warrants (net gain)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

11. Employee benefits expenses

Particulars	For the year ended 31 March 2019 (in USD)	For the year ended 31 March 2018 (in USD)	For the year ended 31 March 2019 Convenience translation into Rupees (Unaudited)
Stock compensation expense	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

12. Other expenses

Particulars	For the year ended 31 March 2019 (in USD)	For the year ended 31 March 2018 (in USD)	For the year ended 31 March 2019 Convenience translation into Rupees (Unaudited)
Audit fees	24,002	18,000	16,59,978
Consultancy, legal and professional charges	2,41,210	1,42,463	1,66,82,064
	<u>2,65,212</u>	<u>1,60,463</u>	<u>1,83,42,042</u>

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CFCL Ventures Limited
Notes to financial statements for the year ended 31 March 2019

13. Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2019 were as follows:

	Amortised cost	Fair value through profit or loss	Total carrying value	Total fair value (in USD)	Convenience translation into Rupees (Unaudited)
Assets:					
Cash and cash equivalents	6,422	-	6,422	6,422	4,44,141
Investment	-	3,73,54,688	3,73,54,688	3,73,54,688	2,58,34,50,216
Total	6,422	3,73,54,688	3,73,61,110	3,73,61,110	2,58,38,94,357
Liabilities:					
Borrowings	-	14,20,63,431	14,20,63,431	14,20,63,431	9,82,51,06,885
Trade payables	39,036	-	39,036	39,036	26,99,733
Other financial liabilities	9,39,834	610	9,40,444	9,40,444	6,50,41,079
Total	9,78,870	14,20,64,041	14,30,42,911	14,30,42,911	9,89,28,47,697

The carrying value and fair value of financial instruments by categories as at 31 March 2018 were as follows:

	Amortised cost	Fair value through profit or loss	Total carrying value	Total fair value (in USD)	Convenience translation into Rupees (Unaudited)
Assets:					
Cash and cash equivalents	6,422	-	6,422	6,422	4,44,141
Investment	-	3,73,54,688	3,73,54,688	3,73,54,688	2,58,34,50,216
Total	6,422	3,73,54,688	3,73,61,110	3,73,61,110	2,58,38,94,357
Liabilities:					
Borrowings	-	14,03,63,431	14,03,63,431	14,03,63,431	9,70,75,34,885
Trade payables	39,036	-	39,036	39,036	26,99,733
Other financial liabilities	23,74,622	610	23,75,232	23,75,232	16,42,71,019
Total	24,13,658	14,03,64,041	14,27,77,699	14,27,77,699	9,87,45,05,637

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at 31 March 2019:

	As at 31 March 2019	Fair value measurement at end of the reporting year using (in USD)			Convenience translation into Rupees (Unaudited)
		Level 1	Level 2	Level 3	
Liabilities					
Foreign currency forward contracts	-	-	-	-	
Preference shares	14,20,63,431	-	-	14,20,63,431	9,82,51,06,885
Share warrants	610	-	-	610	42,188

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at 31 March 2018:

	As at 31 March 2018	Fair value measurement at end of the reporting year using (in USD)			Convenience translation into Rupees (Unaudited)
		Level 1	Level 2	Level 3	
Liabilities					
Preference shares	14,03,63,431	-	-	14,03,63,431	9,70,75,34,885
Share warrants	610	-	-	610	42,188

CFCL Ventures Limited
Notes to financial statements for the year ended 31 March 2019

14. Capital Management

The Company's objective is to maintain a capital base to ensure sustained growth in business and to maximise the shareholders value. The capital management focusses to maintain an optional structure that balances growth and maximizes

	As at (in USD)		As at (in INR)	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Total equity attributable to the equity share holders of the Company (A)	(10,56,81,801)	(10,54,16,589)	(7,30,89,53,358)	(7,29,06,11,316)
Total loans and borrowings (B)	14,20,63,431	14,03,63,431	9,82,51,06,885	9,70,75,34,885
Total capital (A+B)	3,63,81,630	3,49,46,842	2,51,61,53,527	2,41,69,23,569

The Company is mainly funded by Redeemable Preference shares.

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CFCL Ventures Limited**Notes to the financial statements for the year ended 31 March 2019****15 Related party disclosures****Names of related parties**

Ultimate holding company	:	Chambal Fertilisers and Chemicals Limited
Immediate Holding Company	:	Chambal Fertilisers and Chemicals Limited
Entities which exercise significant Influence	:	NEA FDI Ltd. NEA IndoUS Ventures, LLC
Key management personnel (KMP)	:	Amit Kothiyal, CEO and Director Sundararajan Sampath, CFO (up to 5 June 2018) Manoj Bawa, CFO (from 5 June 2018)

SL. No.	Name of Subsidiary	Country of Incorporation	% holding As at 31 March 2019	% holding As at 31 March 2018
	Subsidiaries			
1	ISGN Corporation	U.S.A.	100%	100%
2	ISG NovaSoft Technologies Limited (“ISGNTL”)	India	100%	100%
	Subsidiaries of ISGNTL			
3	Inuva Info Management Private Limited (“INUVA”) * – a subsidiary of ISGNTL	India	71%	71%

*INUVA was a subsidiary of ISGNTL and was non-operational. Pursuant to approval of the Board and Shareholders of INUVA on July 10, 2018 and August 9, 2018, respectively, INUVA on August 16, 2018 intimated its voluntary liquidation to the Ministry of Corporate Affairs and also to the Insolvency and Bankruptcy Board of India.

Related party transactions:

Particulars	For the year ended 31 March 2019 (Amount in USD)	For the year ended 31 March 2018 (Amount in USD)
Holding company		
Expenses paid by subsidiary (ISGN Corporation)	267,953	136,465
Investment in Preference Shares - J (Chambal Fertilisers and Chemicals Limited)	1,700,000	-

Related party balances:

Particulars	As at 31 March 2019	As at 31 March 2018
Subsidiary company		
Other liabilities (ISGN corporation)	906,179	2,338,227

CFCL Ventures Limited
Notes to the financial statements for the year ended 31 March 2019

16 Earnings per share

Period ended	31 March 2019	31 March 2018
Loss for the year (Amount in USD)	(265,212)	(160,463)
Weighted average number of ordinary shares considered in calculating Basic and Diluted Earnings Per Share ('EPS')	4,058,593	4,058,593
Basic and Diluted EPS (Amount in USD)	(0.07)	(0.04)

In Computing the diluted EPS, potential equity shares that are dilutive and which increase loss per share are included. Since the Company's preference shares are anti-dilutive and would reduce the loss per share, there is considered to be no dilution for the year ended 31 March 2019 and 31 March 2018.

17 Convenience translation

The books of accounts of the company are maintained in USD, being the currency of the primary economic environment in which it operates. Supplementary information in Indian Rupees (INR) is provided for convenience only. The balance sheet, statement of profit and loss, cash flow statement and related notes have been translated at the rate of 1 USD = INR 69.16. These numbers are based on information from the management and have not been audited by C G S & CO.

As per our report of even date

For C G S & Co
Chartered Accountants
ICAI Firm Registration Number: 005830S

**For and on behalf of the Board of Directors of CFCL
Ventures Limited**

A R Valisha Shakeel
Partner
Membership Number: 203926

Amit Kothiyal
CEO and Director

Manoj Bawa
Chief Financial Officer

Place: Bengaluru
Date: 14th May, 2019

Place: Bengaluru
Date: 14th May, 2019

Place: Bengaluru
Date: 14th May, 2019